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Supreme Court of the United States

OCTOBER TERM, 1978

No. 78-1149

JAMESBURY CORPORATION, *Respondent,*

v.

LITTON INDUSTRIAL PRODUCTS, INC.,
Petitioner.

RESPONDENT'S BRIEF IN OPPOSITION TO THE PETITION FOR WRIT OF CERTIORARI

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THE QUESTION PRESENTED BY PETITIONER

Searching for a Rule 19 pigeonhole in which to lodge, petitioner has cast aside both facts and law in order to arrive at its predetermined destination—"a conflict among the circuits."

No such conflict exists.

The decision by Judge Gurfein speaking for a unanimous panel of the U.S. Court of Appeals for the Second Circuit, as appears in the decision itself [1], is in harmony with what petitioner has characterized as "the rule in the Sixth Circuit." Further, the decision by the Second Circuit is in harmony with petitioner's "Fourth Circuit" decision which, in fact, is not a

[1] Appendix at A18-A19.

decision by a court of appeals as required by Rule 19(1)(b), but is a district court decision.[2]

STATEMENT OF THE CASE

The patent in suit is directed to the Jamesbury ball valve, a pioneer invention which the Second Circuit described as

> a major innovation in the ball valve art[3]

The Jamesbury patent was previously adjudicated in the U.S. Court of Claims as a result of the extensive employment of the Jamesbury invention in the U.S. nuclear submarine fleet. In holding the patent valid, the Court noted the invaluable contribution made by Jamesbury's invention.

> Increased size and better hull construction enable the modern submarine to navigate at greater depths. Valves must operate under greatly increased pressure, be able to withstand hydraulic shock caused by depth charges, permit fluids to flow silently, work under problems of corrosion and erosion with sea water, and be remotely operable. No other valve in industry or in prior submarine service except the plaintiff's [Jamesbury's] valves solved all of these problems.[4]

The pioneer status of the Jamesbury invention is also evident from its acceptance by industry. As noted by the Court of Claims and by the Second Circuit,

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[2] *Duplan Corp.* v. *Deering-Milliken, Inc.*, 444 F. Supp. 648 (D.S.C. 1977).

[3] Appendix at A15.

[4] *Jamesbury Corp.* v. *United States*, 518 F.2d 1384, 1387 (Ct. Cl. 1975).

> Prior to the development of the plaintiff's patented valve, ball valves were not generally accepted or used by industry.[5]

Despite the decision by the Court of Claims, the Connecticut District Court, after expressing surprise at an earlier hearing that any ball valve could be patentable,[6] held the Jamesbury patent to be invalid on its face[7] and rendered summary judgment against Jamesbury.

The Connecticut District Court seized upon the following language from *Lincoln Engineering* in support of its conclusion: "the improvement of any one part of an old combination gives no right to claim that improvement in combination with other old parts which

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[5] *Id.* at 1386; Appendix at A8 and A11, n.7.

[6] Mr. Neustadt: The patentee is Jamesbury and the patent relates to a ball valve.

> I don't know whether your Honor is familiar with it, but it's a pretty basic ball valve [patent] that was already litigated and was adjudicated valid and infringed by the Court of Claims.
>
> The Court: Really? A ball valve?
>
> Mr. Neustadt: Yes.
>
> The Court: Adjudged valid?
>
> Mr. Neustadt: Yes, your Honor.
>
> The Court: The Court of Claims?
>
> Mr. Neustadt: Yes, your Honor.
>
> The Court: How long ago was that?
>
> Mr. Neustadt: The decision became final in October of '75.
>
> The Court: Pretty clever patent lawyers, I guess.
>
> But I haven't read the case, so I shouldn't be facetious.

[7] No affidavit or other evidence was submitted by petitioner in support of its motion for summary judgment.—Appendix at A7, n.1.

perform no new function in the combination."[8] The District Court reasoned that there could be no "new function" because, after all, the Jamesbury ball valve was still a ball valve. That the Jamesbury ball valve was an operational success in contrast to prior art ball valves which were not generally accepted by industry was dismissed as merely showing that the Jamesbury ball valve was "more efficient."[9] It is doubtful whether any invention, no matter how meritorious, could pass this test.

The Second Circuit reversed on the basis that an "improved result"[10] such as the new sealing function achieved by the Jamesbury ball valve was not excluded by the definition of "new function" set forth in *Lincoln Engineering*.

In its decision, the Second Circuit noted that this was not a case of first impression; that it was merely following established precedent in this Court which interpreted *Lincoln Engineering* in this manner;[11] and that other courts of appeal were in agreement.[12] The Second Circuit noted no conflict among the circuits and even found that the Sixth Circuit decision relied

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[8] Appendix at A2.

[9] Appendix at A3.

[10] Appendix at A16.

[11] *Williams Co.* v. *United Shoe Machinery Corp.*, 316 U.S. 364 (1942); Appendix at A15-A16.

[12] *Guide* v. *Desperak*, 249 F.2d 145 (2d Cir. 1957); *Rosen* v. *Lawson-Hemphill, Inc.*, 549 F.2d 205 (1st Cir. 1976); *Reese* v. *Elkhart Welding & Boiler Works, Inc.*, 447 F.2d 517 (7th Cir. 1971); *Pursche* v. *Atlas Scraper and Engineering Co.*, 300 F.2d 467 (9th Cir. 1962), *cert. denied*, 371 U.S. 911 (1962); Appendix at A16-18.

upon by the Connecticut District Court and by petitioner was not in disagreement.[13]

ARGUMENT

There Is No Conflict Among the Circuits

The "direct infringement-contributory infringement" conflict among the circuits proposed by petitioner is an illusion concocted to mate with the requirements of Rule 19(1)(b). Reality is to the contrary.

Petitioner points to no portion of the Second Circuit's decision which holds that *Lincoln Engineering* is limited to contributory infringement situations. In fact, the Second Circuit distinguished *Lincoln Engineering* on another basis.

> Analogy between that case [*Lincoln Engineering*] and this one breaks down because here, instead of a minor improvement, we have a major innovation in the ball valve art, and particularly because there is no utility in the innovation except as part of the combination.[14]

The inescapable fact remains that the Second Circuit merely followed applicable law of this Court and other courts of appeal that an "improved result" is not excluded by the "new function" language of *Lincoln Engineering*.

As stated by this Court and as cited by the Second Circuit in support of its decision,

> each combination exhibits invention in that its elements cooperate in a new and useful way to

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[13] "The District Court thought that *Holstensson* v. *V-M Corp.*, *supra*, looked the other way and supported its conclusion that the plaintiff had overclaimed. We do not agree."—Appendix at A18.

[14] Appendix at A15.

accomplish *an improved result* [15] (emphasis by Second Circuit)

The Courts of Appeal for the First [16], Second [17], Seventh [18] and Ninth [19] Circuits have used similar language in explaining *Lincoln Engineering.*

As explained by the Second Circuit, petitioner's Sixth Circuit decision, *Holstensson* v. *V-M Corp.,* did not look "the other way" [20] because, in *Holstensson,* the asserted "new and improved result" of playing records of various sizes in series was not set forth or disclosed in the single claim in issue and, therefore, could not be relied upon to show validity. This, as stated by the Second Circuit, was the "decisive factor" [21] in *Holstensson.*

The only other decision cited by petitioner in support of its conclusion of conflict among the circuits is *Duplan Corp.* v. *Deering-Milliken, Inc.*[22], a district court decision and not a decision by a court of appeals. Further, *Duplan* is not in disagreement with the decision reached by the Second Circuit in this case because, in *Duplan,* the invention was found to be obvious [23] and, therefore, there was no "new and improved result."

[15] *Williams Co.* v. *United Shoe Machinery Corp.,* 316 U.S. 364, 368 (1942); Appendix at A15-A16.

[16] "useful, novel and nonobvious"—*Rosen* v. *Lawson Hemphill, Inc.,* 549 F.2d 205, 209, n.2 (1st Cir. 1976); Appendix at A17.

[17] "new and useful result"—*Guide* v. *Desperak,* 249 F.2d 145, 147 (2d Cir. 1957); Appendix at A16-A17.

[18] "new and useful result or substantial increase in efficiency"—*Reese* v. *Elkhart Welding & Boiler Works, Inc.,* 447 F.2d 517, 523 (7th Cir. 1971); Appendix at A17-A18.

[19] "new and useful result"—*Pursche* v. *Atlas Scraper and Engineering Co.,* 300 F.2d 467, 477 (9th Cir. 1962), *cert. denied,* 371 U.S. 911 (1962); Appendix at A18.

[20] Appendix at A18.

[21] Appendix at A19.

[22] 444 F. Supp. 648 (D.S.C. 1977).

The Overclaiming Evil Found in *Lincoln Engineering* is Absent in the Case at Bar

As explained by the Second Circuit,[24] in *Lincoln Engineering,* the patent claim was directed to a combination of old elements and a coupler whose basic structure was conventional but which did include a minor improvement. The patentee in *Lincoln Engineering* sought to hold as a contributory infringer a supplier who supplied, not the coupler with its minor improvement, but, one of the old elements. Under these circumstances, this Court found this to constitute "overclaiming".[25]

In contrast, in the case at bar, as noted by the Second Circuit, Jamesbury is not seeking to hold petitioner liable for supplying an old element such as "a conventional valve [casing] or ball." [26] Petitioner would like

[23] "The court has concluded that the patent is void for obviousness under this statute."—*Id.* at 718.

[24] Appendix at A14.

[25] Under the 1952 patent act, enacted subsequent to *Lincoln Engineering,* it appears that the same denial of recovery would occur, but the basis would be lack of infringement (rather than patent invalidity) because the old element would not be "especially made" for infringement of the patent pursuant to 35 U.S.C. 271 (c). The Second Circuit noted this possibility at A20-A21 but declined to make a specific holding with respect thereto since it found that the "major innovation" of the Jamesbury ball valve was not excluded by the "new function" requirement of *Lincoln Engineering.*

[26] Appendix at A20.

to be treated as if this were the case, but, the inescapable fact remains that petitioner makes the entire patented ball valve.

In fact, rather than "overclaim", Jamesbury actually obtained less patent protection with the inclusion of more elements in its claims because, in a patent claim, more is less.[27]

As stated by the Second Circuit

> Moreover, we think that the addition of the elements of ball and valve [casing] to the novel sealing ring narrowed rather than broadened the claims. The aphorism that "in a patent claim, more means less" is true here.[28]

Petitioner did not dispute this aphorism before the District Court or before the Second Circuit but, rather, in order to impute a sinister motive to Jamesbury, asserted that the patent claims were drafted to secure a larger royalty base, it being petitioner's unstated assumption that the royalty base was dependent upon the patent claim. Petitioner cited no authority for this proposition and, indeed, it could not because authority is to the contrary.

Since market conditions play such a large part in quantifying a reasonable royalty, it has long been the law that the royalty should be based on the commercial article sold if the article owes its value to its patented feature irrespective of the fact that the commercial

[27] " 'if anything is well settled in the patent law, it is that the combination patent covers only the totality of the elements in the claim and that no element, separately viewed, is within the grant.' Aro Mfg. Co. v. Convertible Top Replacement Co., 365 U.S., at 344, 81 S.Ct., at 604."—*Deepsouth Packing Co.* v. *Laitram Corporation*, 406 U.S. 518, 528 (1972).

[28] Appendix at A20.

article may include elements which are not recited in the claims of the patent. This is often referred to as the "entire value" rule. As stated by this Court,

> It appearing that the defendant's valve derived its entire value from the use of the Richardson invention covered by the patent of 1866, and that the entire value of the defendant's valve, as a marketable article, was properly and legally attributable in that invention of Richardson, the plaintiff is entitled to recover the entire profit of the manufacture and sale of the valves.[29]

This rule has been followed.

> The facts and circumstances of this case come under the rule that where the entire marketable value of the thing sold is dependent on the patent, its entire value is included in computing infringement damages.[30]

In addition, since market conditions dictate that an invention is worth a certain sum in the marketplace, it matters not whether the sum is computed as a small percentage of a large base or as a large percentage of a small base.

Since this matter is so far afield of the issue of patent validity, neither the District Court nor the Second Circuit considered it in their opinions, although Judge Oakes during oral argument summarily dismissed it as merely relating to damages, not validity.

[29] *Crosby Steam-Gage & V. Co.* v. *Consolidated Safety-Valve Co.*, 141 U.S. 441, 454 (1891).

[30] *American Safety Table Company* v. *Schreiber*, 415 F.2d 373, 377 (2d Cir. 1969), *cert. denied*, 396 U.S. 1038 (1970).

Further, this Court in *Williams Co.* v. *United Shoe Machinery Corp.*[31] recognized that the overclaiming evil present in *Lincoln Engineering* and *Bassick*[32] is not present in a direct infringement situation and dismissed *Lincoln Engineering* and *Bassick* with the language "Those were suits for contributory infringement." As stated by this Court,

> The petitioner, however, contends that the breadth of the claims in suit is such that, instead of patenting the combinations claimed as improvements over the prior art, and restricting the claims to the improvements, the patentee sought to blanket every machine which combines the old bed laster with the equally old automatic tacking device. It is said that our decision in Bassick Mfg. Co. v. R. M. Hollingshead Co., 298 U.S. 415, 56 S.Ct. 787, 80 L.Ed. 1251; and Lincoln Engineering Co. v. Stewart-Warner Corp., 303 U.S. 545, 58 S.Ct. 662, 82 L.Ed. 1008, forbid any such extension of the patent monopoly. . . . Bassick Mfg. Co. v. R. M. Hollingshead Co., supra, and Lincoln Engineering Co. v. Stewart-Warner Corp., supra, lend no support to the petitioner's argument. *Those were suits for contributory infringement.*[33] (emphasis added)

[31] 316 U.S. 364 (1942).

[32] *Bassick Mfg. Co.* v. *R. M. Hollingshead Co.*, 298 U.S. 415 (1936).

[33] *Williams Co.* v. *United Shoe Machinery Corp.*, 316 U.S. 364, 368-370 (1942).

CONCLUSION

There being no conflict among the circuits as asserted by petitioner and the case being rightly decided by the U.S. Court of Appeals for the Second Circuit, the petition should be denied.

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